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## Peri-urban planning in Indonesia

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## **Chapter 3    Peri-urbanisation in East Asia: A new challenge for planning?<sup>2</sup>**

### **3.1    Introduction**

Peri-urbanisation, implying the development of mixed land uses outside designated city boundaries, is a newly emerging challenge for planning including in the planning of East Asian cities and regions. Webster (2002) predicted that, over the next twenty years, around 200 million people will reside in the peri-urban areas of East Asian metropolitan regions – 40 per cent of the total urban population in these countries. Furthermore, the peri-urban areas of these countries, as in coastal China, may extend up to 300 kilometres from the major cities. This extension is much greater than that of African peri-urban areas, which usually fall within 30–50 kilometres beyond the existing city boundaries. In addition, peri-urbanisation around fast-growing large cities of East Asia is distinctive due to the rapid socio-economic transformation in such areas from rural towards urban livelihoods. At the same time, it is also characterised by the dynamic physical co-existence of rural and urban functions.

There have been many empirical studies on peri-urbanisation, particularly in the developing world (Aguilar, Ward, & Smith Sr, 2003; Browder & Bohland, 1995; Simon, et al., 2004; Webster, 2002). The implications for its planning and management have also been formulated (Allen, 2003; Brook & D vila, 2000; McGregor, et al., 2006). Indeed, the growing phenomenon of peri-urbanisation has resulted in new emerging urbanisation theories (McGee, Ginsburg, Koppel, & McGee, 1991; Tacoli, 1998). However, since most studies have been conducted in Africa, South Asia, and Latin America, there is still limited account of East Asian perspectives.

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<sup>2</sup> An earlier version of this chapter was published as Hudalah, Winarso and Woltjer (2007)

This chapter aims to provide guidance towards a general understanding of peri-urbanisation in the context of developing and transitional East Asian countries, and to make suggestions for its planning and governance. We propose that the complexity of both spatial features of and institutional forces for peri-urbanisation should be first understood as an underlying basis prior to the drawing of any policy recommendation. In order to examine this proposition, several questions are formulated:

- (1) What are the unique features of peri-urbanisation in East Asia?
- (2) How can we explain peri-urbanisation in East Asia from an institutional perspective?
- (3) How should planning and governance anticipate and respond to the emerging phenomenon of peri-urbanisation?

To answer these questions, we revisit studies carried out since the 1990s, mainly conducted in major metropolitan regions in Indonesia, China, Thailand and the Philippines. Moreover, we reframe and integrate the findings of these separate studies. We collect and select the information and results provided by the studies and use them as an input for comparative analysis between the four countries, focusing on spatial features, institutional changes and planning and governance. In addition, qualitative content analysis is also conducted on relevant policy documents to support the arguments for planning and governance adaptation. A more detailed account of the analytical methods is provided in Chapter 1.

Following this introduction, the chapter is divided into five sections. First, we describe peri-urbanisation as a global phenomenon and point out what makes the context of East Asia unique. We then identify the manifestations of peri-urbanisation in terms of the economy, socio-spatial relationships, spatial structure and physical environments of East Asian metropolitan regions. Furthermore, we explain the driving forces of this emerging phenomenon, mainly from an institutional perspective. Following this, we analyse what lessons can be learned from the past and from current planning and governance practices and put forward a number of suggestions for the improvement of planning and governance in the peri-urban areas. Finally, we conclude the discussion in the last section.

### **3.2 From a global perspective to East Asia**

We have introduced in Chapter 1 that the emergence of urban development outside designated city boundaries has become a global phenomenon but grows faster in developing countries. Studies in North Africa and South Asia since the late 1990s have looked increasingly at ‘the

peri-urban interface', a transitional zone between urban and rural activities (Allen, 2003; Simon, et al., 2004). In a broader scale, McGee (1991) has studied the *desakota* (the Indonesian term for 'rural-urban'), revealing an intensive coexistence of agricultural and non-agricultural activities within the extended East Asian metropolitan regions. These studies imply fading boundaries between city and countryside and blurring divides between urban and rural livelihoods.

Peri-urban areas can be considered as an extension of the designated cities they surround. They are not only ecologically but also socio-economically integrated into urban functions within the cities (Simon, et al., 2004). In addition, intensive flows of natural resources, goods and people from and to the cities also occur in the peri-urban areas. Moreover, based on the cases in South East Asia and Latin America, Browder and Bohland (1995) have proposed a concern for the 'metropolitan fringe', describing the demographic integration of peri-urban areas into the metropolitan systems.

In spite of the spatial integration with the designated urban areas at the macro level, peri-urban areas can be differentiated from both urban and rural areas due to their rapid growth and dynamic and mixed physical, environmental, and economic as well as social attributes (Simon, et al., 2004). Although the occupations of the majority of the residents in peri-urban areas can officially be classified as agricultural or rural in character, there is an intensive mixture and growing integration of urban and rural economies that makes the urban/rural dichotomy less apparent (Lin, 2001). In addition, population growth has been greatest in the peri-urban areas. Population in East Asia's peri-urban areas grows 2 – 7 per cent annually. In the case of Eastern Sea Board, Thailand, this implies that the peri-urban population growth is about four times higher than that in the cities (Webster, 2002).

Peri-urban areas in East Asian metropolitan regions are rarely a unified spatial feature. Instead, they are a fuzzy phenomenon evolving between urban and rural characteristics. It has been suggested that in the case of Jabodetabek (the Jakarta metropolitan region), peri-urban areas can be classified into three types (Soegijoko, Winarso, & Hudalah, 2007). First, those areas that have been socio-economically incorporated into the main city are classified as *predominantly* urban areas. Second, *semi*-urban areas are those dominated by manufacturing and other large land-consuming industrial activities. Finally, *potential* urban areas are those experiencing early land conversion and residential development.

Transformation in peri-urban areas of East Asian metropolitan regions has become a complex phenomenon. The areas are also much more dynamic

than just the *desa-kota*. This draws our attention towards the *process* of peri-urbanisation rather than to the *characteristics* of peri-urban areas. Following Webster (2002, p. 5), peri-urbanisation can be defined here as ‘a process in which rural areas located on the outskirts of established cities become more urban in character, in physical, economic, and social terms, often in piecemeal fashion’. It is characterised by changing local economic and employment structures from agriculture to manufacturing, rapid population growth and migration, rising land values and mixed land use.

Previous studies in the late 1980s perceived peri-urban areas in developing countries, particularly in the northern parts of Africa, as characterised by poverty and informal economies with strong links between urban and rural activities (Browder & Bohland, 1995). However, East Asian peri-urbanisation has rather undermined this traditional conception. In this region, peri-urbanisation tends to be triggered by formal land development, often in a large scale. To some extent, this development has been a result of the growing networks of global capitalism (Goldblum & Wong, 2000; Leaf, 2002).

### 3.3 Spatial manifestations

In the previous section, we have identified unique features of peri-urbanisation in East Asia, including its substantial dependence on metropolitan centres, capital accumulation and dynamic coexistence of urban and rural livelihoods. This section will describe the scale of these features, which is manifested in the following spatial dimensions: (1) contribution to the regional economy; (2) spatial segregation; (3) structural fragmentation and infrastructure deficiency; and (4) rural productivity and environmental sustainability.

First, there are some indications that peri-urban areas contribute increasingly to the improvement of regional economy. As Lin (2001) has pointed out, this can be seen in (among other factors) the proportion and growth rates of industrial and agricultural production, retail sales and foreign investment in peri-urban areas, which are high and in some cases outstripping those in the designated urban areas. Lin maintained that peri-urban areas function as centres of industrialisation, regional economic development and rural–urban interaction. As an illustration, the peri-urban areas of the Pearl River Delta (PRD) region in China produced 55 per cent of the region’s total industrial and agricultural output and received 70 per cent of the realised foreign capital flowing into the PRD region between 1980 and 1997 (Lin, 2001).

However, global capital flowing into the peri-urban areas not only increases regional economic growth but also widens socio-economic disparities. This vast economic opportunity has merely benefited the middle (and upper) classes, who are only a small part of the peri-urban communities. As their socio-economic systems have been integrated into the regional and global networks, the middle classes tend to be cut off from the neighbouring poorer communities, which remain the largest parts of the peri-urban communities. This has been manifested in the construction of walls, gates and exclusive infrastructure networks and the development of high-class residential areas and high-technology industrial enclaves (Connell, 1999; Firman, 2004; Leisch, 2002; Wissink, Dijkwel, & Meijer, 2004).

An increasing gap between the socio-economic classes may raise security and other social issues, which in turn force the creation of gated communities. To the private developers, the construction of gated communities has become a promising and marketable solution to these issues. Therefore, large-scale enclave development projects have dominated the landscape of the peri-urban areas in major East Asian metropolitan regions (Firman & Dharmapatni, 1994; Webster, 2002; Winarso, 2007). Leisch (2002) shows that such large-scale development has been a manifestation of the new prestige and lifestyles, and has to a large extent copied the development of gated communities in North America. However, he emphasised that, in East Asia, the security issues, as a result of the increasing gap between the socio-economic classes, have become a more important reason for the minority to live in 'gated communities'.



**Figure 3.1** Lippo Cikarang, one of biggest private new towns in peri-urban Jakarta  
(Source: [http://www.tatamulia.co.id/Data%20Project%20List/Mall/Citital\\_Lippo\\_Cikarang.jpg](http://www.tatamulia.co.id/Data%20Project%20List/Mall/Citital_Lippo_Cikarang.jpg), accessed on 1 July 2009)

These gated communities have created spatial separation by race, social group, and economic class in peri-urban areas of East Asian metropolitan regions (Connell, 1999; Leisch, 2002; Wissink, et al., 2004). For example, Firman (2004) concludes that in peri-urban Jakarta the development of exclusive new towns has reinforced the spatial segregation inherited from the colonial past. Through the construction of the new towns, the colonial race-based separation has been virtually replaced by the current socio-economic segmentation, although the two are in many cases still interchangeable. The spatial segregation occurs mainly between the new town areas and their neighbouring informal settlements, and is liable to result in social conflicts and riots, as happened during the economic crises of 1997 (Winarso, 2005). To a lesser extent, a systematic separation is also brought into the project areas, often represented in different blocks associated with particular groups and classes (Firman, 2004).

Spatial segregation can also be reflected in the growth and distribution of land prices in the project areas and their surroundings. For example, Winarso (2007) reports that land prices have increased significantly following more than fifteen years of construction of *Bumi Serpong Damai* (BSD), the largest new town project ever built in Indonesia. He emphasises an unresolved gap in land prices between the project area and its surrounding regions. As a result, the dynamic of the market-driven land prices has violated the tax-based land prices as regulated by the local government (Winarso, 2007).

Whilst at the local level peri-urbanisation may cause socio-economic segregation, at a higher level this transformation may result in fragmented regional structure and infrastructure network. Spatial fragmentation occurs among different new towns built by different developers as well as between the new towns and their surrounding areas. Winarso (2002a) shows that the large-scale housing developers, in proposing new developments, searched for locations where there was abundant and cheap vacant land. The developers may not consider the adequacy of the existing infrastructure since, as he argues, they are financially able to create new infrastructure subsequently. As the result, the new urban infrastructure built independently by the private developers is often not integrated into the existing regional infrastructure network provided by the governments. For example, new sections of roads can be disconnected from broader transportation network systems (Dijkgraaf, 2000).

Uncontrolled peri-urbanisation may also cause infrastructure deficiency, particularly at the regional level. The lack of transport infrastructure, especially integrated public transportation, is its classic example that can

isolate the peri-urban areas from their surrounding regions. It can also be more expensive to deliver an adequate environmental infrastructure (e.g. solid waste and waste-water systems and watershed management) to the industrial estates at long distances from cities (Webster, 2002). Furthermore, the construction of the environmental infrastructure is often not a policy priority, since public investment is largely allocated to other types of infrastructure that can directly facilitate the industrial activities. For example, 88 per cent of public investment for the development of Eastern Sea Board, Thailand, was allocated to major industrial-support infrastructure, including two world-class seaports and an expressway (Webster, 2002).

Another impact of peri-urbanisation is presented by Chunnasit et al. (2000) who demonstrate that there is a strong negative correlation between the economic value of the peri-urban agriculture and the distance to the urban areas within a metropolitan region. As urban sectors are emerging following the development in the new areas, the economic value of peri-urban agriculture is also falling. As the result, the traditional rural sector can no longer function as a major income generating activity in the peri-urban areas. In turn, this socio-economic transformation may reduce the rural productivity of the whole metropolitan region. This argument can be strengthened by the fact that most peri-urban areas in East Asia are located on highly productive agricultural land (McGee, et al., 1991). As an illustration, Firman (2000) shows that an uncontrolled land conversion has been responsible for the loss of fertile agricultural land in Bandung Metropolitan Area (BMA), Indonesia. In this metropolitan region, peri-urbanisation has reduced the productivity of the remaining paddy fields from 4.5 to 3.4 tons per hectare (Firman, 2000).

In addition to the reduced rural productivity, peri-urbanisation may also challenge the environmental sustainability of metropolitan regions. Urbanisation pressure in peri-urban Jakarta, for instance, has severely encroached on the Puncak–Cianjur corridor, an upland area with the vital function of water catchment area for Jakarta. As a result, periodic flooding downstream, i.e. in Jakarta, is getting worse (Firman & Dharmapatni, 1994). According to Firman (1996), similar problems have also been faced by BMA, in which urban development is moving towards the northern upland with altitude more than 750 m above sea level, which were designated as water conservation areas. Furthermore, industrialisation with high consumption of water in the southern part of BMA has caused air and water pollution and the falling of groundwater levels (Firman, 1996).



### 3.4 Institutional rationale

Similar to the planning system to be discussed in Chapter 4, peri-urbanisation is not an *isolated* spatial transformation process. It cannot be separated fundamentally from major institutional changes occurring at local, regional and global levels. In relation to the notion of institutional forces used in Chapter 4, *institutional changes* can be defined as the restructuring of both formal and informal rules, procedures, cultures and other types of social framework that constrain and enable actors' decisions and behaviour (Hudalah, 2007). In this section, we will explain how institutional changes playing at various spatial levels have underpinned peri-urbanisation in East Asia. The multi-level institutional changes discussed in this section include: (1) the growing influence of global capitalism and markets; (2) the rise of middle-class culture; (3) the reinforcement of clientelist governance tradition; and (4) the weakening of formal and centralised governance and legislation.

Global capitalism in the form of foreign direct investment (FDI), particularly in manufacturing, has actively searched for large areas of vacant land, good access to major cities and cheap labour (Leaf, 2002; Webster, 2002). For this reason, over 90 percent of FDI in Thailand, for example, flows to the designated large industrial estates located in the extended Bangkok Metropolitan Region. Meanwhile, some industrial estates in the Lower Yangtze Region are pushed 300 kilometres away from the main designated cities. As another illustration, between 1990 and 1995, there were 28 industrial estates developed in peri-urban Surabaya with sizes between 15 and 900 hectares (Firman, 2000).

According to Firman (2000) and Winarso and Firman (2002), the uncontrolled peri-urbanisation surrounding Indonesian large cities was particularly triggered by a series of deregulation and debureaucratisation measures during the 1980s. The authors argue that this market-oriented policy was aimed at accelerating economic growth by promoting domestic and foreign private participation in finance and industries, which later boosted the real estate industry as well as FDI in manufacturing. After the boom period of the early 1990s, the economic crises in 1997–98 suddenly restrained peri-urbanisation to two-thirds slower than before (Firman, 2000). However, since the economy has now recovered, the development continues to grow again (Winarso, 2005).

In addition to large-scale housing and industrial investments, global capitalism has also facilitated the concentration of economic growth enjoyed by small parts of the society. For example, Winarso and Firman (2002) reveal that, in the case of Jabodetabek (the Jakarta Metropolitan Region), a

high economic growth, which was 15.2 per cent annually during the 1980s and 1990s, had increased the number of middle- (and upper-) income people significantly. This fuelled the rise of middle-class consumption culture, expressed in an emerging need for private security and amenity and exclusive lifestyles. This new need boosted the demand for large-scale housing development, constructing gated communities in the peri-urban areas (Firman, 2004; Leisch, 2002). In order to fulfil this need, within only twenty years, the private developers have transformed more than 16,600 hectares of rural land outside the built-up areas of the Jakarta Metropolitan Region into 25 large residential areas and new towns ranging from 500 to 6,000 hectares (Firman, 2004; Winarso & Firman, 2002). As another illustration, large scale housing development has also boosted the population growth of peri-urban Manila, particularly Cavite and Laguna, by 7 per cent annually (based on 2000 census) (Webster, 2002).



**Figure 3.2** The Master Plan of Bumi Serpong Damai (BSD) phase 1  
 (Sources: <http://ptpede.co.cc/images/bumi-serpong-damai-1.jpg>, accessed on 1 July 2009)  
*BSD (6000 hectares) is the largest private new town project ever planned in Indonesia.  
 It was first constructed in 1989 and is now still being developed.*

In line with the emerging middle class culture, the existence of few but strong, concentrated and large property developers has significantly influenced the scale of peri-urban development in major East Asian metropolitan regions (Sajor, 2003; Webster, 2002). According to Winarso and Firman (2002), this powerful position allows the private developers to build enduring patron-client relationships with financial sectors as well as the government, including the political elite. According to the explanation in Chapter 4, such a clientelist governance tradition has in fact long persisted within Indonesian society. Currently, this tradition may be reinforced by concentrated growth, resulting in the undesirable spatial outcomes described in the previous section. Through informal lobbying, the developers with the help of corrupt officials can simplify, can manipulate the established plans and development procedures so they can reduce the transaction costs of realising large-scale integrated urban land development projects (Server, 1996; Winarso & Firman, 2002).

Such hidden and corrupt practices can be more apparent in the issuance of development permits. Actually, the permit system in Indonesia was designed as an essential systemic mechanism for controlling land use development. In practice, however, it has been widely misused to reserve land exclusively for the approved developers (Firman, 2000). In fact, due to high transaction costs and complex inter-organisational procedures, the issuance of land development and building permits has become a prime field of attraction for collusion and corruption, especially in large-scale urban development on conflicting land (Server, 1996). Such practice has encouraged uncontrolled speculation particularly in remotely-governed places such as peri-urban areas.

Apart from this informal governance practice, peri-urban areas cannot transform fundamentally without a weakening power of the governments. For instance, Webster (2002) recognised that in Thailand, the national government, backed up by FDI, has promoted peri-urbanisation through the provision of industrial-support infrastructure. It can be seen in the construction of major seaports, railways, expressways and industrial estates in the Eastern Sea Board (ESB), which is the largest designated agglomeration of industrial estates in peri-urban Bangkok. Moreover, Webster and Muller (2002) identified that the government in China, through local state enterprises, has played an active role not only as the initiator but also the developer of economic and technological development zones (ETDZs) or major industrial estates, for instance within the Hangzhou–Ningbo corridor.

Recently, jurisdictional and political fragmentation following decentralisation policies has added a new challenge for implementing strong and integrated strategies and policies, since such strategies are not preceded by an integrated institutional adaptation at sub-national levels. For example, the role of national government in Thailand is now weakening, due to fiscal decentralisation since 2006. Meanwhile, Webster (2002) found that the sub-national governments have responded slowly to peri-urbanisation. He particularly underlined a low capacity of local governments in the rural regions or *tambons* in Thailand to deal with large-scale developments. Furthermore, the *tambons* are spatially fragmented and serve only small areas, with inexperienced staff (Webster, 2002).

A similar situation can be found in the Philippines. Following the Local Government Code of 1991, the national government has been reducing its resources compared to local government in relation to peri-urban management. The institutional landscape is therefore characterised by very strong cities and *municipios* (municipalities). They have greater fiscal and administrative power than the provincial government. They have been responsible for low-income housing provision, clean river programming, land use planning, site and services projects for low-income housing and local traffic improvements (Webster, 2002).

### **3.5 Planning and governance practice**

Various planning and governance measures have been applied as both direct and indirect adaptation to the growing complexity of spatial transformation and institutional changes in peri-urban areas of East Asian metropolitan regions. In this section, we first identify lessons from both the successes and failures of the past and current practices in three fields: (1) land use and comprehensive plans; (2) private and community participation; and (3) strengthening of regional institutions. Furthermore, for each of these three fields, we also make suggestions for the improvement of planning and governance in the peri-urban areas.

#### **3.5.1 Land use and comprehensive plans**

In Indonesia, as in most of other East Asian countries, the issue of peri-urbanisation has been regulated implicitly within a broader traditional planning framework including regional plans. As described in Chapter 4, in fact, such blue-print frameworks build the main foundation for planning systems Indonesia. In 1989, for example, Bandung District introduced the

concept of *dekonsentrasi planologis*, a counter-magnet strategy to redistribute urban activities from Bandung City to the designated surrounding smaller cities (Firman, 1996). This concept implied that it was necessary to reduce the undesirable impacts of uncontrolled urban extension (urban sprawl), which began to threaten the environmentally sensitive areas. Substantially, this concept is still adopted in later plans, including the Bandung Metropolitan Plan (2005).

In most land use plans, peri-urban areas tend to be defined based on formal political-administrative boundaries. Meanwhile, the functional boundaries of peri-urban areas are dynamic and often cut across these traditional and rigid boundaries. Nevertheless, only few plans have explicitly considered the importance of involving the functional boundaries of peri-urban areas. In Indonesia, a special provision can be made for environmentally sensitive areas prone to urban land use conversion. For instance, through spatial plans and zoning regulation, the West Java Province showed its commitment of protecting the North Bandung Area as the region's main water catchment by strictly forbidding physical development on the areas higher than 750 m above sea level. Another example is the enactment of Presidential Decree No. 114 of 1999 to preserve the function of the *Bopunjur* (Bogor–Puncak–Cianjur) corridor as the water catchment for Jabodetabek (the Jakarta Metropolitan Region).

In addition to allocating future land uses through these top-down and rigid land use plans and regulations, longer-term spatial and sectoral integration has also been promoted through the making of comprehensive plans. For example, in the Philippines, a comprehensive plan was made in the late 1980s in order to guide new developments in Cavite-Laguna, a peri-urban area around Manila. Unfortunately, its realisation failed since there was no single institution that was politically capable of implementing and monitoring the plan (Webster, 2002).

### **3.5.2 Private and community participation**

In large, fast-growing metropolitan regions of East Asia, there has also been a shift in planning and governance practices away from traditional land use and comprehensive plans towards collaborative approaches. These innovative approaches have been an inevitable consequence of the increasing role of the actors beyond government agencies in decision-making processes and the implementation of spatial development frameworks in the peri-urban areas. For example, since 1980, in the Eastern Sea Board, Thailand, a comprehensive plan has been prepared, monitored and evaluated in

cooperation with major international financial institutions, namely the Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC). Following this initiative, various infrastructure development programmes, involving national and multinational investors, have emerged to support the implementation of this plan.

Webster (2002) has recognised that the private sector in East Asia, including multinational corporations, has played a key role in responding to peri-urbanisation through localised adaptations. Such corporations acted to fill the gaps caused by the shortcomings of local government. However, they tend to take action only in the areas that are directly connected to their interests. For example, the industrial estate managers in the Eastern Sea Board, Thailand, have worked with the local governments to undertake environmental functions including water supply, waste-water management and social services, but only within their project locations (Webster, 2002).

At a higher level, the private sector mainly focuses on the optimisation of the existing regional infrastructure delivered by the government. For example, in the Hangzhou–Ningbo corridor, China, large firms and industrial estates provide shuttle buses in order to facilitate daily commuting from and to the gated communities (Webster & Muller, 2002).

Webster and Muller (2002) argue that, in addition to the private sector, the role of local collectives (community-based authorities) and local government can also be significant in adapting to rapid peri-urbanisation. In fact, they recognise that the role of local collectives is even more significant in China compared to other East Asian countries. One reason for this is that the local collectives in China have more control over the land than comparable collectives in other countries. The local collectives in the peri-urban areas in particular have a coordinated power with respect to the formulation of community's decisions upon the future utilisation of their land. As a result, the peri-urban communities have a stronger bargaining position in facing the growing tensions from the market-driven peri-urbanisation. In addition, the local government support for the local economy is more pronounced in China. Locally owned firms are encouraged, particularly small and medium-sized enterprises.

### ***3.5.3 Towards stronger regional institutions?***

As made clear above, the comprehensive spatial plans are unable to redistribute the spatial development in the metropolitan regions of East Asia. The fundamental reason for this is that there is often no institutionalised mechanism for inter-local coordination and inter-sectoral

integration of planning and development at the regional level. In China, the local government particularly has a strong position compared to higher tiers of government with regard to official mandates and budget resources (Webster & Muller, 2002). However, in this country there is a greater potential for peri-urban coordination and urbanisation control at the regional level. The reason is that many municipalities in China cover larger areas including not only the urban areas but also their surrounding hinterlands. Moreover, the annexation of surrounding hinterland territories by the main city is a common phenomenon in China. Besides, the current administrative system also still allows a vertical coordination between county and townships.

However, we should look at the Chinese experience more as an exceptional case, rather than as a best practice. This is because a hierarchical command-and-control style, to a certain extent, is still possible within the Chinese communist government system, which cannot be applied anymore in many other East Asian countries. Besides, the global neo-liberalisation and decentralisation pressures, as discussed in Chapter 4, may further complicate the challenge for preferring such approach in the future.

As an alternative, many metropolitan and urban regions in Indonesia have since decades ago initiated the establishment of ‘coordinating forums’ (*forum koordinasi*) involving respective provincial and local governments around the regions. For Jakarta Metropolitan Area, this cooperation is called BKSP (*Badan Kerjasama Pembangunan* or Cooperation Board for Development), which was first created in 1973 (Oetomo, Winarso, & Hudalah, 2007). Similar institutions have also been initiated in Bandung Metropolitan Area, Greater Jogjakarta, Greater Surabaya and Bali. Unfortunately, the establishment of these institutions tends to be voluntary and symbolic in character without any clear agenda for a systematic collaborative action. Their presence is politically weak and not supported by sufficient resources. They can only provide communication arenas through coordination meetings. They have no legal authority to coordinate the local governments in order to improve urbanisation control at the regional level. Their functions and authorities also often overlap with those carried out by the local governments.

### 3.6 Conclusions and recommendations

In this chapter, we have discussed the characteristics of peri-urbanisation in East Asia’s developing and transitional countries. In these countries, peri-urban areas have unique features due to their substantial dependence on

metropolitan centres, capital accumulation and dynamic coexistence of urban and rural livelihoods. Furthermore, peri-urbanisation has largely characterised the spatial transformation in the countries' major metropolitan regions. The potential contribution of peri-urban areas to the improvement of regional economic performance might begin to emerge. However, we should be aware of its undesirable consequences, including spatial segregation and fragmentation and reduction of rural productivity and environmental sustainability, which may follow this spatial transformation.

We have argued that the undesirable implications of spatial transformation in peri-urban areas have reflected the fragmented institutional landscape prevailing in these areas. As transitional zones between rural and urban administrations, those areas face a weakening governing power. While the national governments are too remote to reach those areas, the local governments have an inadequate capacity to formulate and implement required planning policies. At the same time, regional authorities are still poorly established. Ineffectiveness also occurs as fragmented rural authorities are pushed to adapt to an earlier urbanisation. All these institutional conditions encourage the private enterprises, which have strong links with global capitalism and the markets, to take over parts of physical development and planning, which are often uncoordinated at higher levels.

Considering the above institutional fragmentation, we have raised some planning policy issues as a basis for building new planning perspectives and approaches. First, we have seen that the traditional land use and comprehensive plans have had only limited success in addressing early urbanisation, mainly due to inconsistencies in their implementation and weak enforcement and control (Firman, 2000). These are due to a weakening capacity of the current planning systems to continue playing their traditional role as the 'trend-setter' of future spatial development, by promoting rigid norms and standards (see Chapter 4). Meanwhile, the increasing complexity of peri-urbanisation implies a pressure to transform these systems to be more flexible and adaptive, by accommodating the dynamic, multi-level spatial and institutional drivers of peri-urbanisation. It is also increasingly difficult for the planners and decision-makers to deal with peri-urbanisation without involving different actors outside the governments, including the private sector and the community, whose role is becoming more significant in shaping the future of East Asian peri-urban landscapes.

The current inclusive planning practices in the peri-urban areas of East Asia tend to take the forms of localised action. These practices are mostly



reactive in nature and appear to be fragmented or not integrated at higher levels. Meanwhile, various planning issues in peri-urban areas emerge at the regional level, including infrastructure, environmental sustainability, employment and economy. Therefore, the building of institutional arrangements operating at this higher level seem necessary in order to build an integrated policy adaptation that can meet the cross-local border challenges of spatial development in peri-urban areas.

Collaborative institution building, as initiated in Indonesia, can be conceptually more desirable, compared to the Chinese top-down practices, considering the dynamic characteristics of peri-urbanisation and the global trends of decentralisation and neo-liberalisation. However, the current practices still need major improvements in order to better promote sustainable development in the peri-urban areas. In this respect, exploration of shared visions and interests may be crucial so that the political commitment of the participating local governments and authorities can be enhanced. As Oetomo (2007) suggests, such institutions should focus on the strategic issues emerging at the regional level, such as growth management, good governance and participation, sustainable development and sharing of authorities between the local governments and the sectoral bodies. In addition, the current collaborative initiatives must be coupled with a stronger and continuous stimulation, mediation and monitoring by the national/ provincial government. By combining the bottom-up and top-down approaches and promoting multi-level governance, the existing 'coordinating forums', as being experimented with in Indonesia, should be open to transformation into the inter-local or supra-local institutions with a stronger authority and a higher social legitimacy in order to gain more power in decision-making processes at the regional level.

In order to gain social legitimacy, the building of such institutional capacity should be grounded in day-to-day governance practice. As will be discussed in 0, 0 and 0, the process may start with the practice of capturing the emergence of opportunities and addressing the complexity of social networks and the diversity of discursive knowledge. Such innovative institution building is expected to be able to deal with clientelist and neo-liberalised institutional forces underlined in Chapter 4.